

Message Text

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43

ACTION NEA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

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TAGS: EFIN, EEC, IR, UK

SUB: IRAN/UK FINANCIAL CONFERENCE RESULTS AND HEALEY ON
EEC/IRAN RELATIONS

REFS: A) TEHRAN 9926 NOTAL B) LONDON 15800

1. SUMMARY: THE BRITISH ACHHEIVED EXCELLENT PUBLIC AND BUSINESS
FOCUS ON THE FIRST MEETING OF THE IRAN/UK FINANCIAL
CONFERENCE OCTOBER 11 AND 12, CO-CHAIRLED BY CHANCELLOR OF THE
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EXCHEQUER DENIS HEALEY AND ECONOMIC AFFAIRS AND FINANCE MINISTER

HUSHANG ANSARY. THE TWO GOVERNMENTS AGREED TO ESTABLISH FOUR PERMANENT COMMITTEES AND RECONVENE IN LONDON IN A YEAR. IN THE MEANTIME SPECIALIZED MISSIONS WILL BE EXCHANGED. CHANCELLOR HEALEY CONFIRMED PUBLICLY IRAN'S RELEASE OF THE SECOND TRANCHE OF \$400 MILLION AND HIS CALL FOR A SPECIAL RELATIONSHIP BETWEEN IRAN AND THE EEC WAS CARRIED PROMINENTLY IN THE PRESS. EMBASSY IS OF VIEWPOINT THAT HEALEY, DESPITE SOMEWHAT DISSEMBLING TACTIC ON EEC/IRAN RELATIONSHIP, DID NOT GO SO FAR AS TO DEPART FROM HMG'S POLICY AS CONFIRMED IN REFTEL B. END SUMMARY

2. THE FIRST MEETING OF THE IRAN/UK FINANCIAL CONFERENCE, OCTOBER 11 AND 12, FEATURED THE PRESENCE OF CHANCELLOR HEALEY AND A DELEGATION OF BANKING AND INSURANCE PERSONALITIES FROM THE CITY LED BY BANK OF ENGLAND DEPUTY GOVERNOR SIR JASPER HOLLAND RECEIVED ON THE IRANIAN SIDE BY HIS MAJESTY, PRIME MINISTER HOVEYDA (WHO ADDRESSED THE CONFERENCE) AND LADING FINANCIAL PUBLIC AND PRIVATE SECTOR OFFICIALS LED BY MINISTER ANSARY. THE CONFERENCE FORMAT UTILIZED THE WORKSHOP APPROACH AND FROM THIS FOUR PERMANENT COMMITTEES WERE ESTABLISHED: BANKING, FINANCIAL MARKETS, MONEY MARKETS AND INSURANCE. REPRESENTATIVES FROM EACH COUNTRY TO THESE COMMITTEES ARE TO BE NAMED WITHIN SIX WEEKS. IRAN WILL SEND A DELEGATION SHORTLY TO LONDON TO INSPECT THE VARIOUS SERVICES THE CITY OFFERS, WITH SPECIAL EMPHASIS ON COMMUNICATION. POTENTIAL FOR TRAINING OF IRANIAN FINANCIAL STAFF IN FIELD OF BANKING, COMMODITIES AND STOCK MARKETS AND INSURANCE WILL ALSO BE INVESTIGATED. THE CONFERENCE IS TO CONVENE AGAIN IN LONDON IN 12 MONTHS.

3. THE PRESS QUOTED PROMINENTLY HEALEY'S STATEMENTS CONCERNING AN IRAN/EEC RELATIONSHIP. AS REPORTED IN REFTEL B, HE EXPRESSED HMG'S VERY STRONG SUPPORT FOR IRAN'S DESIRE TO ESTABLISH A SPECIAL AND MORE FAVORABLE TRADING RELATIONSHIP WITH THE EEC. HEALEY SAID ANY TREATY BETWEEN IRAN AND THE COMMON MARKET SHOULD BE BASED ON THE PRINCIPLE OF EQUALITY, AND HE EMPHASIZED THAT THERE WAS NO ROOM IN AN IRAN/EEC ARRANGEMENT FOR THE KIND OF UNEQUAL RELATIONSHIP THAT HAS CHARACTERIZED TREATIES BETWEEN THE COMMON MARKET AND FORMER COLONIAL COUNTRIES. COMMENT: HEALEY'S SOMEWHAT DISSEMBLING REMARKS RE IRAN/EEC ARRANGEMENT HAS BEEN WIDELY INTERPRETED BY LOCAL PRESS AS STRONGEST YET PLEDGE OF SUPPORT FOR EEC LIMITED OFFICIAL USE

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PREFERENCES FOR IRAN.

4. CHANCELLOR HEALEY CONFIRMED PUBLICLY THAT AGREEMENT HAD BEEN REACHED FOR BRITAIN TO DRAW A SECOND TRANCHE OF \$400 MILLION ON THE \$1.2 BILLION CREDIT LINE (SEE REFTEL) EXTENDED IN 1974 TO BRITISH STATE-OWNED COMPANIES. THE LONDON WATER BOARD WILL AGAIN BE THE RECIPIENT. TOTAL CREDIT CAN BE DRAWN OVER A THREE YEAR PERIOD.

5. THE PRESS REPORTED HEALEY SAYING THERE HAD BEEN NO
DECISION REACHED ON A POSSIBLE IRANIAN PURCHASE OF THE
SHARES IN BRITISH PETROLEUM OWNED BY BURMAH OIL COMPANY
BUT HELD, OWING TO BURMAH'S DEFAULT, BY THE BANK OF
ENGLAND.

6. INITIAL CONTACTS WITH BRITISH EMBASSY/TEHRAN OFFICIALS REVEAL
SATISFACTION IN THE CONFERENCE'S ACHIEVEMENT AND OPTIMISM THAT
IT WILL LEAD TO CLOSER FINANCIAL TIES AND ENFORCEMENT OF BRITANS'S
FINANCIAL ROLE AND CAPITAL SERVICES PERFORMANCE. EMBASSY WILL
PROVIDE ADDITIONAL DETAILS AND COMMENT ON THE CONFERENCE AS THEY
BECOME AVAILABLE.
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